

To all members of the Utah Entrepreneurship Policy Academy,

The attached document summarizes the flip chart discussions we had in Palm Springs and breaks the group recommendations into five categories (Education, Infrastructure, Capital, Awareness, and Networks). At the end of each category is a “Progress to Date” section that identifies the activities that are now underway. All of these activities are being managed as a part of Governor Leavitt’s technology initiative called the Utah Silicon Valley Alliance (USVA).

Prior to the Palm Springs meeting, the first reception and initial committee assignments for the Utah Silicon Valley Alliance had already occurred. It was during that meeting that Governor Leavitt called Dave Winder and Rod Linton to formally assign the leadership for the Alliance to the Department of Community and Economic Development with Rod as the Executive Director of the Alliance.

It was very clear from the start that the objectives of the Entrepreneurship Policy Academy and The Utah Silicon Valley Alliance had much in common and were in fact very complimentary. The USVA was broader in scope since it addressed all issues pertaining to strengthening and growing the Utah technology business sector while the Academy focused primarily on the role of the entrepreneur in the process. In fact the ideas and recommendations developed at the Palm Springs meeting have become an integral part of the USVA strategy and have driven many of the activities and initiatives created as a part of the Alliance. All of the Academy representatives that attended the Palm Springs meeting have been involved in the USVA either as Task Group chairs or participants in committee or Task Group meetings. This will continue to be true.

One of the key focus areas of the USVA has been to identify those technology sectors in which Utah has clear and unique competency and is recognized as a national leader. Governor Leavitt has called these sectors economic “eco-systems” with the intent that these sectors will be targeted for significant economic development efforts. These efforts are intended to strengthen existing Utah companies, encourage entrepreneurial activity in the sector, enhance academic research and training, promote venture capital deployment, and identify key companies for targeted recruitment to the state.

A series of “Summit Meetings” at the Governor’s mansion have been planned (four have already occurred) to generate a dialog with key players both inside and out of the state. The summits will assist in identifying the specific efforts required to grow and strengthen these eco-systems. We plan to discuss this effort at the New Orleans meeting and to solicit the participation of academy members in future summits. We have engaged a group of MBA interns to assist in research and to provide direction for the summits. Reports from this effort will be distributed.

We sincerely appreciate the time and honest input from members of the Academy as we work together to strengthen Utah’s economy. Thank you for your time in Palm Springs and for your upcoming participation in New Orleans. We look forward to seeing you.

David Winder
Executive Director
Utah Department of Community
and Economic Development

Rod Linton
Executive Director
Utah Silicon Valley Alliance

National Governors Association Entrepreneurship Academy
Utah Team Planning Notes
November 15-18, 2000
Palm Springs, CA

Attendees: Dave Winder (Chair), Paul Ahlstrom, Duane Blackley, Doug Borba, Julie Felshaw, Mike Finnerty, Sterling Francom, Rod Linton, Brian Moss, Duke Mossman, Richard Nelson, Ron Pugmire (for David Pershing)

I. Magic Wand

Categories: education, infrastructure, capital, awareness, networking

1. Improve cohesion: education k-12, higher education, teachers, investors, business owners; basic skills; workforce development (education)
2. Fix infrastructure issues: capital; banking; legal; technology (infrastructure)
3. Maximize “entrepreneurial spirit” “3-legged stool” (awareness)
4. State support to take technology to marketplace (infrastructure)
5. Infrastructure to support R & D (infrastructure)
6. Access to venture capital base (capital)
7. Infrastructure for rural economic development (infrastructure)
8. Promotion/mindset (awareness)
9. Connect funding continuum (capital, education, networking)
10. Large mentor companies as “anchor tenants” (networking)
11. Increase trust within high tech investment community (awareness, networking, education)
12. Educate in math and science (education)
13. Awareness of opportunity/quality; big fear of success/growth

II. Culture

Diversity: housing, image, “in’s and out’s”, preferences in hiring, defensive posture, balance of family, work and church, “problem” mentality, value/priority differences, payoff issues, safety net

III. No Exit Data

Incubator state, tuck under, what would it take to be successful, how trust environment core, where do new ideas come from, role of universities

IV. Key Players

Lane Beattie
Lynn Cundiff
Governor Leavitt
Charlie Johnson/Cece Foxley
Jill Kennedy/Steve Laing
Phyllis Sorenson
Al Mansell
Marty Stephens
Media/George Gregorson
Jon Huntsman Jr./Sr.

V. Next Steps

1. Summaries out to group
2. Groups working on strategies
3. Meet with Governor
4. Refine Model
5. Prioritize strategies
6. Integrate with alliances
7. Group management roles; consultants 2-3 times by June
8. Refine vision

Education

The Utah education system is not:

- preparing students to be entrepreneurs
- preparing a trained counselor workforce
- attracting/training high quality teachers and professors
- providing financial resources for facilities and equipment for high-demand technology and entrepreneurship areas

Barriers

- a. knowing what and how to teach entrepreneurial content. Retooling (standards/objectives)
 - lack of student (science) awareness. Parent/teacher/counselor/administrator
- b. lack of statewide requirements. Curriculum/advisory boards. Computer literacy, math, science, etc.
 - lack of seamless system (articulation)
 - Unequal access to programs (rural/urban)
 - Financial resources (accountability)
- c. inflexible pay scales (low pay)
 - incentives to teach
 - inadequate teacher training programs
 - UEA
- d. district/institution/legislative priority (leadership)
 - Amount (ADD)

Overall Vision

- Create dynamic environment for the student to obtain the tools required for high tech and entrepreneurial opportunities.
- To attract and to motivate students in math and science

Goals & Objectives

- a. With industry input, deploy rich curriculum for entrepreneurship
 - Within one year, develop entrepreneurial curriculum for entire education system
 - Deploy curriculum within all high schools, community colleges and 4-yr institutions and in the ATCs within 4 years
 - Train faculty in entrepreneurship within 3 years
 - Attract students into program and increase enrollments by 10% annually over 4 years
- b. Initiate legislative change for a seamless and standardized education system to encourage career preparation
 - Identify Governor as champion
 - Prepare legislative bill for 2002 session
 - stakeholders support of bill initiated
 - do budget estimate
 - include accountability and access
- c. Improve teacher wage scale and incentives (both K-12 and higher education) to respond to market demand
 - Get support from stakeholders
 - Promote for facilities, financing and equipment for the tech/entrepreneurship initiative
- d. Prioritize for finances, equipment and facilities for high tech and entrepreneurship

Progress to Date

- ✓ Governor appointed an Education Task Group to implement recommendations – co-chaired by Dave Pershing and Suzanne Winters.
- ✓ Legislature appropriated \$77.24 million for the Governor's Engineering Initiative:
 - Public Education: \$19 million to increase salaries for technology teachers
 - Higher Education: \$10.55 million to double the number of science and engineering graduates in 5 years and triple in 8 years
 - Infrastructure: \$47.685 million for the Engineering Building at the U of U
- ✓ Legislature appropriated \$1 million for the creation of a High Tech Academy in Ogden which is a joint venture between Weber State University and Utah State University.
- ✓ Legislature resolved governance issues for the 5 Applied Technology Centers by creating a 10th college to perform those functions. High school students and adults will be able to enroll for specialized skills and job training.
- ✓ A new research park in the southwestern part of the valley is being developed.
- ✓ Entrepreneurship training programs are being implemented at the University of Utah.
- ✓ A special project is underway to educate students in microelectronics.
- ✓ An annual conference is being developed on training entrepreneurs.

Infrastructure

Develop infrastructure in the urban and rural communities. Adequate/quality support must be found for:

- support services such as banking, legal, capital and communication
- support for R & D a) within colleges and universities and b) transfer of technology to the marketplace
- delivery of infrastructure of both of the above to the rural communities

Barriers

- a. denial of the existence of a problem, i.e., banking, legal, communication
- b. “lack of abundance” mentality which leads to “old economy” mentality
- c. processes inhibit solution
- d. inertia – how long does it take to turn a battleship?
- e. Culture clash: scientific method vs entrepreneurial agility and urban vs rural

Overall Vision

- Provide quality support to services, i.e., banking, legal, communications, R & D, tech transfer, etc. to promote entrepreneurial development

Goals & Objectives

- a. Organize task force to initiate approvable
 - Strengthen skill level of Utah support firms
 - Engage law schools, business schools, accounting firms and banks specializing in entrepreneurship
 - Develop thorough “deal flow” feedback reporting system
 - Study best practices and update tech transfer processes
- b. Shorten the process of technology development to entry to the marketplace.
 - Look for opportunities for urban to rural flow-down
 - Broadband access

Progress to Date:

- ✓ Governor appointed the following task groups to implement specific recommendations:
 - Professional Services – Val Antczak, Chair
 - Smart Spaces – John West, Chair
 - Rural Smart Sites – Wes Curtis, Chair
 - Deal Flow – Todd Stevens, Chair
 - Technology Transfer – Steve Prescott
 - Telecommunications Infrastructure – Phil Windley, Chair
- ✓ Economic “eco-system” research and analysis is being conducted.
- ✓ Governor hosted targeted technology summits at the mansion:
 - data hosting
 - outsourcing
- ✓ Governor conducts monthly trade missions to California and often meets with professional services companies. Wilson Sonsini Goodrich & Rosati opened an office in Utah based on discussions with the Governor and others.
- ✓ \$400,000 in ongoing funds was appropriated to the Manufacturing Extension Partnership by the Legislature
- ✓ \$8.2 million was appropriated for the Educational Technology Initiative (equipment and facilities)
- ✓ \$1.375 million was appropriated for Applied Technology equipment.

Capital

- Insufficient capital in Utah to support and retain high level of entrepreneurship
- Retention of capital in the state
- Insufficient management experience
 - Generating capital
 - Working and operating in an entrepreneurial environment
- Access insufficient – human and dollars
- Regional retention

Barriers

- a. State government put into regional concept (ie support institutions)
- b. Internalization of access and resources (inability to share/retain capital)
- c. Overcoming historical reputation of fraud and cultural bias “pyramid state”
- d. Overcoming attitudes of being too self-guarded and “what’s in it for me” (reciprocal relationships)
- e. Ability to offer appropriate incentives
- f. Limited capital networks
 - Venture funds within state
 - Entrepreneurs outside state
 - Service providers (lawyers, accountants, etc.)
- g. Limited amount to early state capital in region (Intermountain west)
- h. Poor networking within state funding sources (angels, banks)
- i. Funding/validation for local pension funds and institutions
- j. Limited management and venture management experience
 - Preserve staff management
 - Penny Stocks
- k. Poor capital and corporate structure of companies

Goals & Objectives

- a. Create a vibrant, connected, credible capital network for early growth companies and entrepreneurs
 - Inventory – earmark all potential funding sources for the state (qualitative and quantitative)
 - Angels – groups and individuals
 - Seed equity/debt - banks and venture funds development/growth/equity/debt
 - Identify the underserved stages in funding continuum
 - Expansion
 - Mezzanine
- b. Identification of qualified pools of management/mentors who are likely to relocate to Utah.
 - Alumni Groups
 - Friends of Utah

Progress to Date:

- ✓ Governor appointed a Venture Capital task group to implement specific recommendations.
- ✓ The Utah Venture Report was prepared by Harvard MBAs.
- ✓ An online deal flow reporting mechanism is being created.
- ✓ Domestic investment opportunities - encouraging pension and other funds to invest in regionally directed funds. A major national investment firm is being courted to serve as a gate-keeper.
- ✓ Governor met with several VCs for a focus group during his trade mission visit to California in June.
- ✓ Several meetings were held with various VC firms in California and other locations.
- ✓ Progress is being made by Utah VC firms.
- ✓ New SBICs are being created.
- ✓ Wayne Brown Institute is developing Community Development Venture Capital.
- ✓ New markets legislation is being created to enable crossover of access to new funds.
- ✓ Community Reinvestment Act and International Loan Corporations opportunities are being explored.

Awareness

- Brand Utah as a start-up and growth center
- Translate entrepreneurship to all Utahns in clear and exciting terms
- Highlight and publicize success stories
- A champion is needed

Barriers

- a. Understanding of Old vs New Economy
 - Present image is cheap cost center, not quality center (must be long-term strategy)
 - Lack of knowledge (counselors/mentors)
- b. Industry is not involved
- c. Image with kids is that it is not cool and is too hard
- d. Need content
 - Media does not focus here
- e. Leadership industry biases or marked
- f. Professional not engaged
- g. Agriculture – bias?
- h. Parents (Old Economy)
 - Options for career choice
 - mobility
- i. Lack of resources and materials (access)
- j. Lack of appropriate vehicles

Goals & Objectives

- a. create positive awareness of Utah as a premiere high tech center
 - aggressive movement to channel media in positive direction by coordinating PR reps from stakeholders (particular emphasis prior to Olympics) ASAP
- b. make hero out of entrepreneurs – tell success stories
 - Sponsor and coordinate recognition events (Hall of Fame) within one year
- c. make high tech opportunities user friendly and sound cool and exciting
 - involve PR professionals to establish “cool” image (tech day) contests within two years – job shadow day/career fair
- d. educate students/parents/counselors and administrators of entrepreneurial and high tech opportunities
 - Science Center within 4 years
 - Involve PR and media professionals to develop video, etc. within 2 years
 - Clubs to bring students with the same interest together (district level) within 2 years

Progress to Date:

- ✓ \$4 million was appropriated to develop the positioning and branding of tourism and business development.
- ✓ DSW was commissioned to develop an advertising campaign; a placement schedule has been created.
- ✓ Awareness opportunities in conjunction with the Olympics are in progress:
 - hosting at the Governor’s mansion
 - hosting at the Devereaux House,
 - Olympic Waves
 - Olympic Torch Relays
 - Friends of Utah receptions
- ✓ DCED has developed a 5 minute B-roll for Utah’s technology initiative.
- ✓ CNBC featured a segment on Utah as a high-tech center (aired March 3, 2001).
- ✓ Wasatch Digital IQ launched a magazine featuring local entrepreneurs and high tech companies.
- ✓ \$225,000 was appropriated for the development of a Science Center.
- ✓ Forums to showcase Utah entrepreneurs are in place:
 - Utah 100; SBDC Graduation Program

Networks

Lack of informal local networks prevents access to capital, human resources, service providers, infrastructure and other strategic resources that are necessary to build a new company. Keywords: “abundant” mentality, trust, access

Goals & Objectives

- a. Connect EGC entrepreneurship with resources
 - Inventory of formal and informal network opportunities (Pioneer Partnership, EDCU, DCED, USVA, UVAN, T2M, MWVG, WBI, UITA, ULSA, MEP, etc.)
 - identify and rank the target entrepreneurial stakeholders, resources
 - define the needs (gaps) between actual and ideal
 - create viable business models to support the formal networks
 - buy into common vision
- b. Larry H. Miller Center for Entrepreneurship Training connection by...
- c. Bi-Products
 - trust improvement
 - squeeze out bandits
 - cash flow
 - funding continuum conference

Progress to Date:

- ✓ Meetings have been held with the Larry H. Miller Center for Entrepreneurship Training to discuss an umbrella organization and co-location facility for support groups.
- ✓ “Friends of Utah” list is being created to identify individuals with close ties to Utah. Many are successful entrepreneurs who can help develop and strengthen Utah’s entrepreneurial environment.
- ✓ Olympic Torch Relay events will strengthen relationships with high tech companies in cities where the Relays are held. They will also further develop the Friends of Utah list.
- ✓ Targeted Technology Summits are being held to identify economic eco-systems in which Utah has nationally recognized competency or the potential to be ranked in the top 5.
- ✓ The Utah Venture Alliance was created as an association of associations for networking purposes.